

UtahAmerican Energy, Inc.

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ACT/007/013 #6

Ms. Mary Ann Wright
Associate Director of Mining
Department of Natural Resources
Division of Oil, Gas & Mining
Utah Coal Regulatory Program
1594 West North Temple, Suite 1210
Salt Lake, Utah 84114-5801

REFERENCE: 1998 Annual Report ACT/007/013 Horse Canyon

Dear Ms. Wright:

Enclosed are two copies of the 1998 Annual Report for the Horse Canyon Mine located in Emery County, Utah. You will recall that this underground mine was closed on December 30, 1983 and that this facility was purchased by IPA from the Kaiser Coal Corporation April 5, 1990. In December 1998 the property was subleased to UtahAmerican Energy, Inc., at which time the Horse Canyon Permit was transferred. IPA has submitted a Significant Revision to the Horse Canyon Permit to allow for access and new surface facilities in Lila Canyon. No production occurred during 1998, therefore, no production report is included.

Since the purchase of the Horse Canyon Mine by IPA, the property has been cleaned up and the mine put into mothball status. IPA has filed a Reclamation Permit Application Package with the Utah State Division of Oil, Gas & Mining (DOGM); removed all hazardous materials and toxic wastes; removed the underground storage tanks; removed old equipment and materials, demolished unnecessary and outdated buildings and surface facilities, and performed extensive regrading and revegetation. The 1998 growing season was the reclamation project's seventh and produced further impressive revegetation results.

Also during 1998, IPA worked towards Phase II Bond Release applied for in 1997.

Previously submitted quarterly reports were not copied as part of this submittal. It is assumed that the quarterly reports on file at DOGM will be attached to this Annual Report to make a complete report for 1998.

If you have any comment or questions, please call me.

Sincerely,

R. Jay Marshall P.E.
Chief Engineer
UtahAmerican Energy, Inc.

